

109TH CONGRESS
1ST SESSION

S. 1818

To amend the Internal Revenue Code of 1986 to allow the manufacturing deduction provided by the American Jobs Creation Act of 2004 with respect to income attributable to domestic production activities in any possession of the United States, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 4, 2005

Mr. KERRY (for himself, Mr. SCHUMER, and Mrs. CLINTON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow the manufacturing deduction provided by the American Jobs Creation Act of 2004 with respect to income attributable to domestic production activities in any possession of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. DEDUCTION ALLOWABLE WITH RESPECT TO IN-**
4 **COME ATTRIBUTABLE TO DOMESTIC PRO-**
5 **DUCTION ACTIVITIES IN POSSESSIONS.**

6 (a) IN GENERAL.—Subsection (d) of section 199 of
7 the Internal Revenue Code of 1986 (relating to definitions

1 and special rules) is amended by redesignating paragraph
 2 (7) as paragraph (8) and by inserting after paragraph (6)
 3 the following new paragraph:

4 “(7) POSSESSIONS, ETC.—

5 “(A) DETERMINATION OF DOMESTIC PRO-
 6 Duction GROSS RECEIPTS.—In the case of any
 7 taxpayer with gross receipts for any taxable
 8 year from sources within any possession of the
 9 United States, if all of such receipts are taxable
 10 under section 1 or 11 for such taxable year,
 11 then for purposes of determining the domestic
 12 production gross receipts of such taxpayer for
 13 such taxable year under subsection (c)(4), the
 14 term ‘United States’ shall include the posses-
 15 sions of the United States.

16 “(B) SPECIAL RULE FOR APPLYING WAGE
 17 LIMITATION.—In the case of any taxpayer de-
 18 scribed in subparagraph (A), for purposes of
 19 applying the limitation under subsection (b) for
 20 any taxable year, the determination of W–2
 21 wages of such taxpayer shall be made without
 22 regard to any exclusion under section
 23 3401(a)(8) for remuneration paid for services
 24 performed in a possession of the United
 25 States.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) shall apply to taxable years beginning after
3 December 31, 2005.

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